

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code chapter 17A and section 421.14, the Department of Revenue hereby adopts amendments to Chapter 86, "Inheritance Tax," Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXI, No. 10, p. 1201, on November 5, 2008, as **ARC 7326B**.

The amendments create new subrule 86.5(14) in order to implement 2008 Iowa Acts, House File 2673, section 2, and revise the implementation sentence of rule 701—86.5(450). Subrule 86.5(14) explains the exemption from inheritance tax for the value of any interest in a qualified school tuition plan as defined in Section 529 of the Internal Revenue Code.

These amendments are identical to those published under Notice of Intended Action.

These amendments will become effective February 18, 2009, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

These amendments are intended to implement Iowa Code Supplement section 450.4 as amended by 2008 Iowa Acts, House File 2673.

The following amendments are adopted.

ITEM 1. Adopt the following **new** subrule 86.5(14):

86.5(14) *Qualified tuition plans exempt.* Effective for estates of decedents dying on or after July 1, 2008, in the event that the decedent was the sole plan participant in a qualified school tuition plan, as defined in Section 529 of the Internal Revenue Code; or in the event that a named co-plan participant does not have a lineal relationship to the named beneficiary of the qualified tuition plan, the value of the decedent's interest in the qualified tuition plan is not subject to Iowa inheritance tax and therefore is not includable in the decedent's gross estate for tax purposes. This provision applies only to qualified tuition plans in existence on or after July 1, 1998.

ITEM 2. Amend rule **701—86.5(450)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 422.7(4), 450.2, 450.3 ~~as amended by 2003 Iowa Acts, chapter 95, section 3,~~ 450.4(5), 450.8, 450.12, 450.37, 450.91, 633.699, and 633.703A and Iowa Code Supplement section 450.4 as amended by 2008 Iowa Acts, House File 2673, section 2.

[Filed 12/17/08, effective 2/18/09]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 1/14/09.